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1850 M Street, N.W., 11th Floor  
Washington, D.C. 20036  
Telephone: (202) 828-7453

Jay C. Keithley  
Vice President  
Law and External Affairs  
United Telephone Companies

December 4, 1992

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FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON, D.C. 20541

Ms. Donna R. Searcy, Secretary  
Federal Communications Commission  
1919 M Street, N.W., Room 222  
Washington, D.C. 20036

RE: In the Matter of Amendment of the Part 69 Allocation of General Support Facility  
Costs, CC Docket No. 92-222

Dear Ms. Searcy:

Attached are the original and five copies of the Comments of the United Telephone  
Companies in the proceeding referenced above.

Sincerely,

Jay C. Keithley

Attachment

JCK/mlm

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Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

FEDERAL COMMUNICATIONS COMMISSION  
COMMUNICATIONS SECRETARY

In the Matter of )  
 )  
Amendment of the Part 69 ) CC Docket No. 92-222  
Allocation of General Support )  
Facility Costs )

COMMENTS OF THE UNITED TELEPHONE COMPANIES

The United Telephone companies ("United") hereby comment on the Commission's October 19, 1992 Notice of Proposed Rulemaking ("NPRM") in the above referenced proceeding. In the NPRM the Commission seeks comments on its proposal to revise its Part 69 rules so as to eliminate the over-allocation of General Support Facilities ("GSF") costs to special access. Alternatively, the Commission requests specific methodologies to calculate a contribution charge to recover over-allocated GSF in the event the Commission does not eliminate the over-allocation.

Introduction

The NPRM was contained in the Expanded Interconnection R&O<sup>1</sup> that set out rules for the expanded interconnection of local exchange carrier (LEC) facilities for the provision of interstate special access services by competitive access providers ("CAPs"), interexchange carriers and end users. In the Expanded Intercon-

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1. Expanded Interconnection with Local Telephone Company Facilities, CC Docket No. 91-141, FCC 92-440, Released October 19, 1992 ("Expanded Interconnection R&O").

nection R&O, the Commission decided against implementation of a contribution charge to alleviate any hardships caused by the increased competition that will occur as a result of expanded interconnection.<sup>2</sup> However, the Commission also determined that "all market participants should contribute to regulatorily mandated support flows reflected in the LECs' rates for services subject to competition."<sup>3</sup>

The Commission found that "[b]ased on the present record, the only significant non-cost based support flow imposed by our regulations affecting special access is the over-allocation of General Support Facilities (GSF) costs to special access."<sup>4</sup> However, rather than establish a contribution charge, the Commission proposes to revise its rules<sup>5</sup> to eliminate the over-allocation of GSF costs to special access.<sup>6</sup>

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2. Id. at para. 143.

3. Id.

4. Id., at para. 147. The Commission also stated at para. 143 that LECs could seek a contribution charge for other support flows.

5. 47 C.F.R. §69.307.

6. Expanded Interconnection R&O at para. 267.

### Discussion

United supports the Commission's proposal to revise its Part 69 rules to eliminate the over-allocation of GSF costs to special access. This support is conditioned upon the Commission treating the GSF cost reallocation as an exogenous change under Section 61.45(d) of its price cap rules.

United fully supports the Commission's goal that all market participants should share in the cost of regulatory, mandated social policy. While allowing the LECs to impose a contribution charge should accomplish this goal, United agrees with the Commission that such a charge will adversely impact the LECs ability to compete in the competitive special access arena that will surely result from the Expanded Interconnection R&O.

However, the desired competitive affect that eliminating the GSF cost over-allocation to special access is intended to have, will only be realized if price cap LECs are allowed to adjust rates to reflect the reallocated costs. A Part 69 rule change that reallocates costs does not drive rate changes for Price Cap

LECs. Rather, the Commission must grant exogenous treatment under its Part 61 price cap rules.<sup>7</sup> Accordingly, the Commission must grant exogenous treatment for the reallocation of GSF costs.<sup>8</sup>

If the Commission does not grant exogenous treatment, then a contribution charge must be allowed. Such a charge should be paid by all users of local access facilities. The charge should recover revenues representing the difference between a LEC's GSF allocation to special access and the GSF allocation that would be made if the rules were revised to eliminate the over-allocation of GSF costs to special access.

#### Conclusion

United supports the Commission's proposal to eliminate the over-allocation of GSF costs to special access, provided exogenous treatment is granted for the resulting reallocation of cost. If exogenous treatment is not granted, United urges the

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7. 47 C.F.R. Section 61.45(d).

8. The Commission in Policy and Rules for Dominant Carriers, CC Docket 87-313, Second Report and Order, 5 FCC Rcd 6786 (1990) at 6807 statd: "Exogenous costs are in general those costs that are triggered by administrative, legislative or judicial action beyond the control of the carriers." Clearly, a regulatory mandated change such as contemplated in the instant proceeding is exogenous.

Commission to implement a contribution charge to allow LECs recovery of the over-allocated GSF costs.

Respectfully submitted,

UNITED TELEPHONE COMPANIES

By   
Jay C. Keithley  
1850 M Street, N.W.  
Suite 1100  
Washington, DC 20036  
(202) 857-1030

Craig T. Smith  
P.O. Box 11315  
Kansas City, MO 64112  
(913) 624-3065

December 4, 1992

**CERTIFICATE OF SERVICE**

I, Melinda L. Mills, hereby certify that I have on this 4th day of December, 1992, sent via hand delivery or U.S. First Class Mail, postage prepaid, a copy of the foregoing "Comments of the United Telephone Companies" in the Matter of Amendment of the Part 69 Allocation of General Support Facility Costs, CC Docket No. 92-222, filed this date with the Secretary, Federal Communications Commission, to the persons on the attached service list.

  
\_\_\_\_\_  
Melinda L. Mills

Paul J. Berman  
Covington & Burling  
1201 Pennsylvania Avenue, N.W.  
Post Office Box 7566  
Washington, D.C. 20044  
Attorney for Puerto Rico  
Telephone Co.

Lisa M. Zaina  
General Counsel  
OPASTCO  
21 Dupont Circle, N.W.  
Suite 700  
Washington, D.C. 20036

Margot Smiley Humphrey  
Koteen & Naftalin  
1150 Connecticut Avenue  
Washington, D.C. 20036  
Attorney for TDS  
Telecommunications Corp.

David Cosson  
L. Marie Guillory  
National Telephone Coop. Assoc.  
2626 Pennsylvania Avenue, N.W.  
Washington, D.C. 20037

E. William Kobernusz  
Vice President, Regulatory  
Southern New England Telephone Co.  
227 Church Street  
New Haven, CT 06510-1806

Stuart Dolgin  
Asst. General Counsel  
Personal Communications Network  
Services of N.Y., Inc., d/b/a PCN-One  
of N.Y., & PCNS-One of N.Y.  
17 Battery Place, Suite 1200  
New York, NY 10004-1256

Robert A. Mazer  
Nixon, Hargrave, Devans & Doyle  
One Thomas Circle, N.W.  
Suite 800  
Washington, D.C. 20005  
Attorney for the Lincoln  
Telephone and Telegraph Co.

Martin T. McCue  
Vice President & General Counsel  
U.S. Telephone Association  
900 19th Street, N.W.  
Suite 800  
Washington, D.C. 20006-2105

William D. Baskett III  
Thomas E. Taylor  
David S. Bense  
Frost & Jacobs  
2500 Central Trust Center  
201 E. Fifth Street  
Cincinnati, OH 45202  
Attorneys for Cincinnati Bell  
Telephone Co.

Carol F. Sulkes  
Vice President, Regulatory Policy  
Central Telephone Company  
8745 Higgins Road  
Chicago, IL 60631



Theodore D. Frank  
Vonya B. McCann  
Arent, Fox, Kintner, Plotkin & Kahn  
1050 Connecticut Ave., N.W.  
Washington, D.C. 20036-5339  
Attorneys for Central Telephone Co.

Joseph W. Miller  
Williams Telecommunications Group, Inc.  
Suite 3600  
P.O. Box 2400  
One Williams Center  
Tulsa, OK 74102

Josephine S. Trubek  
Michael J. Shorley, III  
Rochester Telephone Corp.  
180 South Clinton Avenue  
Rochester, NY 14646

William E. Taylor  
National Economic Research  
Associates, Inc.  
One Main Street  
Cambridge, MA 02142

John C. Shapleigh  
President & General Counsel  
Association for Local  
Telecommunications Services  
Suite 1050  
1150 Connecticut Avenue, N.W.  
Washington, D.C. 20036

Andrew D. Lipman  
Richard M. Rindler  
Swidler & Berlin, Chartered  
3000 K Street, N.W.  
Washington, D.C. 20007  
Attorneys for Indiana Digital  
Access, Inc.

Richard A. Askoff  
National Exchange Carrier  
Association, Inc.  
100 South Jefferson Road  
Whippany, NJ 07981

Peter A. Rohrbach  
Karis A. Hastings  
Hogan & Hartson  
555 13th Street, N.W.  
Washington, D.C. 20004  
Attorneys for Williams  
Telecommunications Group, Inc.

Robert C. Atkinson  
J. Scott Bonney  
Alex J. Harris  
Teleport Communications Group  
One Teleport Drive  
Suite 301  
Staten Island, NY 10311

Andrew D. Lipman  
Russell M. Blau  
Swidler & Berlin, Chartered  
3000 K Street, N.W.  
Washington, D.C. 20007  
Attorneys for Metropolitan  
Fiber Systems, Inc.

Robert L. Hoegle  
Timothy J. Fitzgibbon  
Olwine, Connelly, Chase,  
O'Donnell & Weyher  
1701 Pennsylvania Ave., N.W  
Suite 1000  
Washington, D.C. 20006  
Attorneys for Digital Direct, Inc.

Michael L. Glaser  
Thomas F. Dixon  
Holme, Roberts & Owen  
1700 Lincoln, Suite 4100  
Denver, CO 80203  
Attorneys for Teleport Denver, Ltd.

Joseph C. Harkins, Jr.  
Chairman  
Penn Access Corporation  
Centre City Tower  
650 Smithfield Street  
Pittsburgh, PA 15222-3907

Jeffrey J. Milton  
President  
Institutional Communications Co.  
2000 Corporate Ridge  
McLean, VA 22102

Peter A. Rohrbach  
Karis A. Hastings  
555 13th Street, N.W.  
Columbia Square  
Washington, D.C. 20004-1109  
Attorneys for Williams Tele-  
communications Group, Inc.

Francine J. Berry  
David P. Condit  
Mark C. Rosenblum  
Peter H. Jacoby  
Am. Telephone & Telegraph Co.  
295 North Maple Ave.  
Room 3244J1  
Basking Ridge, NJ 07920

Martin E. Freidel  
Vice President  
Mid American Communications Corp.  
2918 N. 72nd Street  
Omaha, NE 68134

Robert C. MacKichan, Jr.  
Vincent L. Crivella  
Michael J. Ettner  
General Services Administration  
18th & F Streets, N.W.  
Room 4002  
Washington, D.C. 20405

Daniel O. Coy  
President, CEO  
Metrocomm Fiber Optic Network  
50 West Broad Street  
Columbus, OH 43215

Eric Fishman  
Sullivan & Worcester  
1025 Connecticut Ave., N.W.  
Washington, D.C. 20036  
Attorney for RCI Long Distance  
of New England, Inc., d/b/a  
Long Distance North

Joe D. Edge  
Hopkins & Sutter  
888 16th Street, N.W.  
Washington, D.C. 20006  
Attorney for General  
Communication, Inc.

Roy L. Morris  
Deputy General Counsel  
Allnet Communication Services, Inc.  
1990 M Street, N.W.  
Suite 500  
Washington, D.C. 20036

Paul Rodgers  
Charles D. Gray  
James Bradford Ramsay  
National Association of  
Regulatory Utility Commissioners  
1102 ICC Building  
Post Office Box 684  
Washington, D.C. 20044

Daryl L. Avery  
Peter G. Wolfe  
Public Service Commission of  
the District of Columbia  
450 Fifth Street, N.W.  
Washington, D.C. 20001

John P. Kelliher  
Solicitor  
Illinois Commerce Commission  
180 North LaSalle Street  
Suite 810  
Chicago, IL 60601

William E. Wyrrough, Jr.  
Associate General Counsel  
Florida Public Service Commission  
101 East Gaines Street  
Tallahassee, FL 32399-0850

William J. Cowan  
Diane Dean  
New York State Department  
of Public Service  
Three Empire State Plaza  
Albany, NY 12223

Irwin A. Popowsky  
Philip F. McClelland  
Pennsylvania Office of  
Consumer Advocate  
1425 Strawberry Square  
Harrisburg, PA 17120

Herbert E. Marks  
David Alan Nall  
Squire, Sanders & Dempsey  
1201 Pennsylvania Ave., N.W.  
P.O. Box 407  
Washington, D.C. 20044  
Attorneys for The Independent Data  
Communications Manufacturers Assoc, Inc.

Thomas J. Casey  
Ronald W. Gavillet  
James M. Fink  
Skadden, Arps, Slate,  
Meagher & Flom  
1440 New York Ave., N.W.  
Washington, D.C. 20005  
Attorneys for FMR Corp.

Edward C. Addison, Director  
Division of Communications  
Virginia State Corporation  
Commission Staff  
P.O. Box 1197  
Richmond, VA 23209

Mark S. Hayward  
Barry Pineles  
Office of Advocacy  
United States Small Business  
Administration  
409 3rd Street, S.W.  
Washington, D.C. 20416

Shirley S. Fujimoto  
Christine M. Gill  
Brian T. Ashby  
Keller and Heckman  
1150 17th Street, N.W.  
Suite 1000  
Washington, D.C. 20036  
Attorneys for Wells Rural  
Electric Co.

W. Terry Maguire  
Claudia M. James  
American Newspaper Publishers Assoc.  
Dulles Airport  
P.O. Box 17407  
Washington, D.C. 20004

James S. Blaszak  
Charles C. Hunter  
Gardner, Carton & Douglas  
1301 K Street, N.W.  
Suite 900 -- East Tower  
Washington, D.C. 20005  
Attorneys for Ad Hoc Telecommunications  
Users Committee

Peter Arth, Jr.  
Edward W. O'Neill  
Irene K. Moosen  
505 Van Ness Avenue  
San Francisco, CA 94102  
Attorneys for the People of the  
State of California and the  
Public Utilities Commission of  
the State of California

Robin Pischel Ancona  
Marilyn Moore  
Michigan Public Service  
Commission Staff  
6545 Mercantile Way  
P.O. Box 30221  
Lansing, MI 48909

Brian R. Moir  
Larry A. Blosser  
Fisher, Wayland, Cooper  
& Leader  
1255 23rd Street, N.W.  
Suite 800  
Washington, D.C. 20037-1170  
Attorneys for International  
Communications Association

Debra L. Lagapa  
Ellen G. Block  
Cathleen A. Massey  
Morrison & Foerster  
2000 Pennsylvania Ave., N.W., Suite 5500  
Washington, D.C. 20006  
Attorneys for the California Bankers  
Clearing House Assoc. & the N.Y. Clearing  
House Assoc.

Peter A. Casciato, Esq.  
A Professional Corporation  
1500 Sansome Street  
Suite 201  
San Francisco, CA 94111  
Attorney for Cellular Service, Inc.

Compuserve Incorporated  
5000 Arlington Centre Blvd.  
P.O. Box 20212  
Columbus, OH 43220

Wayne V. Black  
C. Douglas Jarrett  
Keller and Heckman  
1150 17th Street, N.W.  
Suite 1000  
Washington, D.C. 20036  
Attorneys for the American Petroleum Inst.

Richard E. Wiley  
Michael Yourshaw  
William B. Baker  
Wiley, Rein & Fielding  
1776 K Street, N.W.  
Washington, D.C. 20006  
Attorneys for Newspaper Assoc.  
of America

John F. Sturm  
Senior Vice President  
Government, Legal and Policy  
Newspaper Assoc. of America  
11600 Sunrise Valley Drive  
Reston, VA 22091

William Page Montgomery  
Economics and Technology, Inc.  
One Washington Mall  
Boston, MA 02108-2603  
Economic Consultant for the Ad Hoc  
Telecommunications User Committee

Lewis J. Paper  
Keck, Mahin & Cate  
1201 New York Avenue, N.W.  
Washington, D.C. 20005-3919  
Attorney for Cellular Service, Inc.

Randolph J. May  
Richard S. Whitt  
Sutherland, Asbill & Brennan  
1275 Pennsylvania Ave., N.W.  
Washington, D.C. 20004  
Attorneys for Compuserve, Inc.

John B. Lynn  
EDS Corporation  
1331 Pennsylvania Avenue, N.W.  
North Office Tower, Suite 1331  
Washington, D.C. 20004

Angela Burnett  
Staff Counsel  
Information Industry Association  
555 New Jersey Ave., N.W.  
Suite 800  
Washington, D.C. 20001

Jeffrey L. Sheldon  
Mara J. Pastorkovich  
Utilities Telecommunications Council  
1620 Eye Street, N.W.  
Suite 515  
Washington, D.C. 20006

Stanley J. Moore  
1275 Pennsylvania Ave., N.W.  
Washington, D.C. 20004  
Attorney for Pacific Bell  
and Nevada Bell

James E. Taylor  
Durward D. Dupre  
Richard C. Hartgrove  
Michael J. Zpevak  
Southwestern Bell Telephone Co.  
1010 Pine Street, Room 2114  
St. Louis, MO 63101

Robert J. Aamoth  
Michael R. Wack  
Reed, Smith, Shaw & McClay  
1200 18th Street, N.W.  
Washington, D.C. 20036  
Attorneys for Competitive  
Telecommunications Association

Floyd S. Keene  
Brian R. Gilomen  
Mark R. Ortliev  
2000 West Ameritech Center Dr.  
Hoffman Estates, IL 60196-1025  
Attorneys for the Ameritech  
Operating Companies

Lawrence E. Sarjeant  
Kathryn Marie Krause  
James T. Hannon  
1020 19th Street, N.W.  
Suite 700  
Washington, D.C. 20036  
Attorneys for U.S. West  
Communications, Inc.

James P. Tuthill  
Jeffrey B. Thomas  
140 New Montgomery Street  
Room 1522-A  
San Francisco, CA 94105  
Attorneys for Pacific Bell  
and Nevada Bell

William B. Barfield  
Richard M. Sbaratta  
The BellSouth Telephone Companies  
1155 Peachtree Street, N.E.  
Suite 1800  
Atlanta, GA 30367-6000

Genevieve Morelli  
Vice President & General Counsel  
Competitive Telecommunications Assoc.  
1140 Connecticut Avenue  
Suite 220  
Washington, D.C. 20002

James R. Young  
John Thorne  
Michael D. Lowe  
Lawrence W. Katz  
Michael E. Glover  
The Bell Atlantic Telephone Cos.  
1710 H Street, N.W.  
Washington, D.C. 20006

Larry Blosser  
Donald J. Elardo  
MCI Telecommunications Corp.  
1801 Pennsylvania Avenue, N.W.  
Washington, D.C. 20006

Ward W. Wueste, Jr. W11L14  
Richard McKenna W11L21  
GTE Service Corporation  
P.O. Box 152092  
Irving, TX 75015-2092

Gail L. Polivy  
GTE Service Corporation  
1850 M Street, N.W.  
Suite 1200  
Washington, D.C. 20036

Patrick A. Lee  
Joseph DiBella  
Edward E. Niehoff  
New York Telephone Company  
& New England Telephone &  
Telegraph Company  
120 Bloomingdale Road  
White Plains, NY 10605

Andrew D. Lipman  
Jonathan E. Canis  
Swidler & Berlin, Chartered  
3000 K Street, N.W.  
Suite 300  
Washington, D.C. 20007  
Attorneys for Local Area  
Telecommunications, Inc.

Leon Kestenbaum  
Dick Juhnke  
U.S. Sprint  
1850 M Street, N.W.  
11th Floor  
Washington, D.C. 20036

Richard Firestone, Chief\*  
Common Carrier Bureau  
Federal Communications Commission  
1919 M Street, N.W., Room 500  
Washington, D.C. 20554

Melissa Newman\*  
Policy & Program Planning Div.  
Federal Communications Commission  
1919 M Street, N.W., Room 544  
Washington, D.C. 20554

Terry Haines\*  
Chief of Staff  
Federal Communications Commission  
1919 M Street, N.W., Room 814  
Washington, D.C. 20554

Jim Schlichting\*  
Federal Communications Commission  
1919 M Street, N.W., Room 544  
Washington, D.C. 20554

Doug Slotten\*  
Federal Communications Commission  
1919 M Street, N.W., Room 544  
Washington, D.C. 20554

William G. Harris\*  
Senior Advisor  
Federal Communications Commission  
1919 M Street, N.W., Room 802  
Washington, D.C. 20554

Diane J. Cornell\*  
Legal Advisory  
Federal Communications Commission  
1919 M Street, N.W., Room 826  
Washington, D.C. 20554

Linda Oliver\*  
Legal Advisor  
Federal Communications Commission  
1919 M Street, N.W., Room 832  
Washington, D.C. 20554

Claudia Pabo\*  
Federal Communications Commission  
1919 M Street, N.W., Room 544  
Washington, D.C. 20554

Mardelon Kuchera\*  
Special Advisor  
Federal Communications Commission  
1919 M Street, N.W., Room 844  
Washington, D.C. 20554

Downtown Copy Center\*  
1919 M Street, N.W., Room 246  
Washington, D.C. 20554

Cynthia Work\*  
Federal Communications Commission  
1919 M Street, N.W., Room 544  
Washington, D.C. 20554

\* indicates hand delivery